

ANGLO UNITED
Development Corporation
LIMITED

24th ANNUAL REPORT



1973



OFFICERS

President, ALAN R. B. LOWE
Vice-President, MATTHEW GILROY
Vice-President, L. JULES GREGOIRE
Secretary-Treasurer, ROBERT H. WRIGHT

DIRECTORS

JOHN C. EVANS,
Investment Dealer, Toronto, Canada
MATTHEW GILROY,
Mining Executive, Dublin, Ireland
L. JULES GREGOIRE,
Civil Engineer, Hull, Canada
A. GARFIELD HEYES,
Mining Executive, Toronto, Canada
PATRICK J. HUGHES,
Mining Executive, Dublin, Ireland
ALAN R. B. LOWE,
Mining Executive, Toronto, Canada
PETER McALEER,
Barrister at Law, Dublin, Ireland
JAMES H. MORLOCK,
Barrister and Solicitor, Toronto, Canada
GEORGE T. SMITH,
Barrister and Solicitor, Toronto, Canada

TECHNICAL STAFF

JOHN J. ROYALL, B.Sc., Resident Manager
Chief Geologist in charge of A & P Project
ANDRE VIAL, B.Sc., M.Sc., Geologist
DAVID G. WILBUR, B.Sc., Geologist
BRIAN WILLIAMS, B.Sc., Geologist

SHAREHOLDERS' AUDITORS

COOPERS & LYBRAND
Chartered Accountants, Toronto, Canada

BANKERS

BANK OF NOVA SCOTIA,
King and Victoria Sts. Branch, Toronto, Canada,
Canada House, St. Stephens Green, Dublin, Ireland

TRANSFER AGENTS

CANADA PERMANENT TRUST COMPANY
Toronto, Canada

EXECUTIVE AND HEAD OFFICE

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DUBLIN OFFICE

162 Clontarf Road,
Dublin, Ireland

The 1974 Annual Meeting of Shareholders will
be held in The Royal Room, King Edward Hotel,
Toronto, Canada, on Tuesday, April 30, 1974,
at 9:00 a.m., Toronto time.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors are pleased to present the 24th annual report of the Company. Included are the audited consolidated financial statements of the Company and its wholly owned subsidiaries for the fiscal year ended 31 October 1973, a review of properties and mineral interests held, and a summary of principal activities during the year and the subsequent period to date.

Exploration of the Company's prospecting licences in the Republic of Ireland including those held under option from La Societe Miniere et Metallurgique de Penarroya ("Penarroya") is now carried out by our wholly owned Irish subsidiary, Munster Base Metals Limited, which was incorporated for that purpose during March, 1973.

During the period under review, the Company continued its extensive program of exploration which was primarily concentrated on the group of 53 prospecting licences in the Republic of Ireland optioned from Penarroya under the agreement dated 1 July 1971.

The highlight of the Company's activities during the 1972-73 fiscal period was the discovery of the copper-silver deposit near Tullacondra Townland on Mallow licence 1399, County Cork, where drilling completed to date has outlined significant copper-silver mineralization along a strike length of 1,200 feet and across widths of up to 500 feet, and to tested vertical depths up to 400 feet below surface.

Twenty holes were drilled in the area near Tullacondra Townland of which 13 contained significant mineralization. The average grade of all significantly mineralized and contiguous drill intersections is 0.69% copper and 0.86 ounce of silver per ton. The copper-silver mineralized area which has been outlined broadly in this series of holes consisting of incomplete cross-sections at 200 foot intervals along the strike length of 1,200 feet, except for a 500 foot length between sections 10W and 15W where

the initial three holes provided more complete information. (See appended Mallow Property Drill Plan).

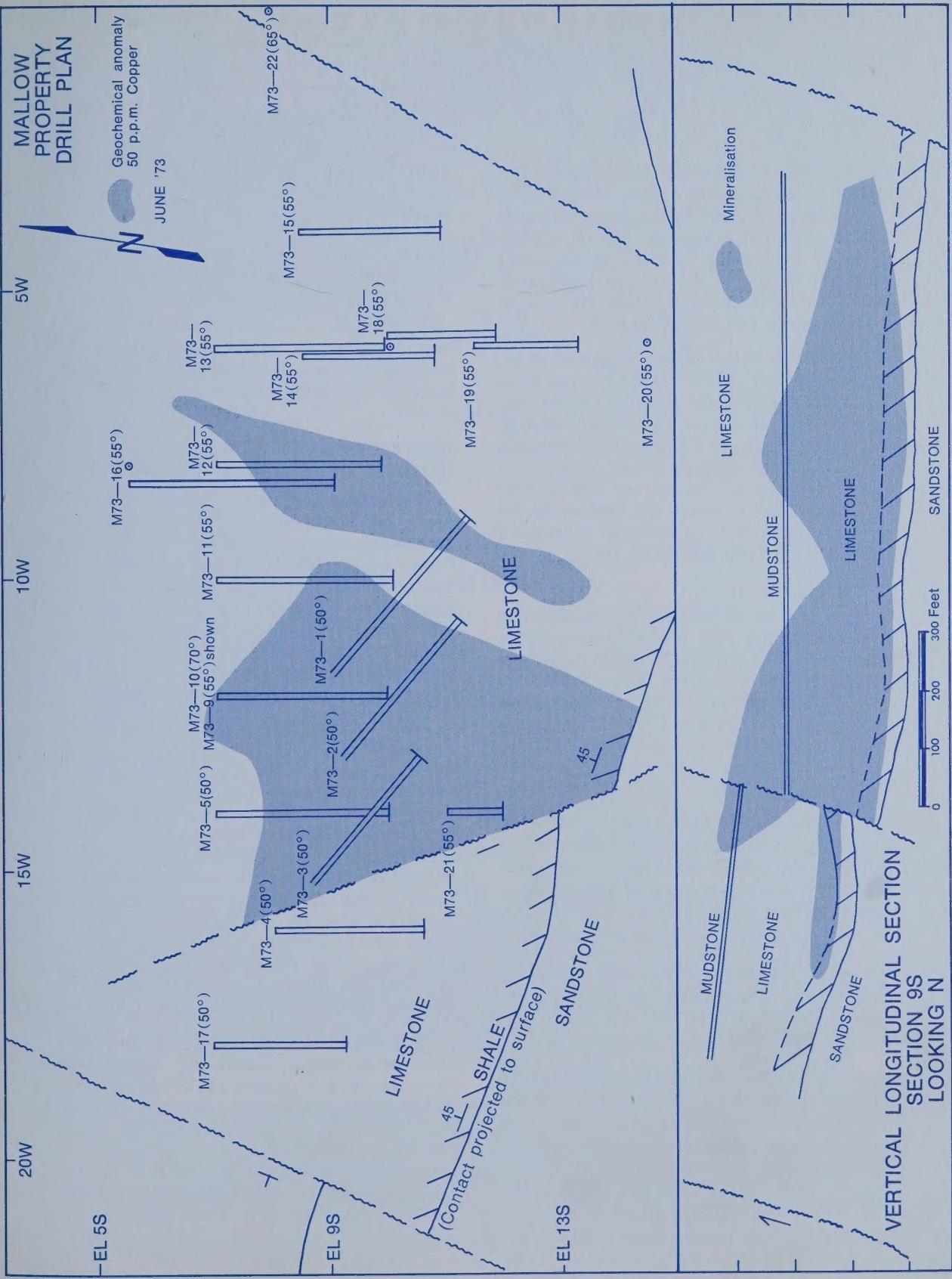
The holes are too widely spaced to enable a calculation of drill-indicated reserves at this time. However, in the area between sections 4W to 16W, a length of 1,200 feet, and assuming continuity of mineralization between the holes drilled, it is estimated that there is a possibility of the occurrence of about 4,000,000 tons of the previously mentioned average grade of 0.69% copper and 0.86 ounce of silver per ton.

The majority of this mineralization, as presently known, is located between sections 5W and 15W along a length of 1,000 feet and within this section there is a zone of higher grade material that amounts to about 30% of the total tonnage or approximately 1,000,000 tons. The average grade of intersections in this latter zone is about 1.0% copper and 1.3 ounces of silver per ton. It is noted however, that the continuity of this zone of mineralization is not as well defined owing to the broad drilling pattern.

It is considered that additional drilling on the Mallow licence area, including fill-in holes to confirm the continuity of mineralization intersected in the widely spaced cross-sections completed to date, would provide an attractive possibility of increasing the tonnage to an appropriate target to enable the evaluation of the economic viability under current metal prices.

The sharp upturn in the prices of the relevant metals during the past year to current levels of over \$1.00 per pound for copper and in excess of \$5.00 per ounce for silver, as quoted on the London Metal Exchange, clearly enhance the potential of this discovery and provides encouragement for the further diamond drilling which is planned for the current year.

Elsewhere in the Mallow area on licence 441 which is contiguous to the east of licence 1399,



an encouraging discovery of lead and zinc mineralization has been made. Soil sampling in the area of this galena and sphalerite mineralization outcropping on licence 441 has defined a geochemical anomaly approximately 1,500 feet in length. An induced polarization survey has been conducted over the area to further evaluate this interesting find.

The results of the various programs of exploration carried out in certain licence areas throughout the Republic of Ireland during the period under review have provided a number of encouraging targets for follow-up work including diamond drilling. Among these targets is a copper soil anomaly located on licence 1367 in County Kilkenny where the outlines of the geochemical anomaly as presently defined are approximately 1,000 feet long and up to 150 feet wide.

In Canada, the major exploration undertaking scheduled for this year is a follow-up program of diamond drilling on the Company's 20-claim "Camp Lake" gold property in the Yellowknife area of the Northwest Territories. Extensive surface diamond drilling carried out several years ago indicated three gold-bearing zones on the Camp Lake property, designated as the No. 1 Zone, No. 2 Zone and the South Zone.

Zones 1 and 2 are parallel shears lying about 100 feet apart while the South Zone is about 600 feet south of the No. 2 Zone. The Company's consultant has reported that previous diamond drilling indicates 20,400 tons averaging 0.91 ounce of gold per ton in the No. 1 and No. 2 Zones to depths of 280 feet and 350 feet, respectively. The South Zone, while tested by several widely spaced holes nine of which obtained intersections, has not been adequately drilled to define limits of mineralization.

The 1974 exploration program recommended includes an initial 5,300 feet of diamond drilling for a total of 21 holes to more complete outline the South Zone. The consultant concluded that if additional mineralization is found in the South Zone by this surface diamond drilling, an underground exploration program to determine

grade, tonnage and mining conditions of the No. 1, No. 2 and South zones should be considered.

The exceptional and sustained increase in world gold prices during the past year provide good incentive for this undertaking.

The following is a review of the principal exploration targets, joint ventures and mineral interests pertinent to your Company's planned activities during the 1973-74 fiscal period:

PROSPECTING LICENCES IN THE REPUBLIC OF IRELAND

Exploration expenditures during the 1972-73 fiscal year were principally concerned with the prospecting licences optioned from Penarroya. Cumulative expenses incurred with respect to this option agreement with Penarroya for the period from 1 July 1971 to 31 October 1973, amount to approximately U.S.\$495,000. A substantial portion of this expenditure has been in connection with the programs on the Mallow, County Cork, and the Wexford properties.

Mallow Licences 441, 1366 and 1399. These three contiguous licences cover an area of about 30 square miles and are located about four miles north of the town of Mallow, County Cork. The Gortdrum Mine of Northgate Exploration Limited is about 35 miles distant by either road or rail, to the northeast. Five separate mineral occurrences have been discovered or noted to date on this licence area, the most significant of which are the copper-silver deposit near Tullacondra Townland and the recently discovered limestone outcrop containing lead-zinc mineralization on licence 441 about 2.5 miles east of the Tullacondra area.

With respect to licence 1399, a total of 31 holes were drilled during the period from February, 1973 to August, 1973 when drilling was temporarily suspended. Of these, 20 holes were drilled near Tullacondra Townland which included the 13 holes that intersected significant copper-silver mineralization indicating a possible tonnage of some four million tons grading 0.69% copper and 0.86 ounce of silver per ton.



ANGLO UNITED DEVELOPMENT CORPORATION LIMITED

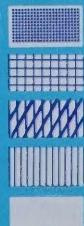


LEGEND

- WHOLLY OWNED
- JOINTLY HELD
- ANGLO-AMAX-TARA
- ANGLO-PENARROYA
- LOWER CARBONIFEROUS



Principal known Pb, Zn, Cu deposits
in Carboniferous limestone



SCALE
30 15 0 30 60

MILES



MAP SHOWING PROSPECTING LICENCE AREAS
IN IRELAND WHOLLY AND JOINTLY HELD

Further drilling is planned for this area during 1974. The mineralization and geological setting of this deposit is very similar to the Gortdrum deposit to the north. On the basis of the promising mineralization encountered to date in the 1973 drill program, there is a good possibility of discovering additional mineralized areas on this property.

The new find of galena and sphalerite mineralization outcropping of licence 441 will be accorded a high priority in the 1974 program plans. A grab sample from the outcrop assayed 6.7% zinc and 1.7% lead. Soil sampling in this area has defined a geochemical anomaly 1,500 feet in length.

Wexford Licences 455, 456, 571, 1153 and 1463. This group of licences covering a combined area of approximately 50 square miles has been subjected to geochemical and geophysical surveying throughout most of the area and much further work is warranted on the licence group where significant zinc mineralization was intersected in the 1972 drilling program about 1.5 miles southeast of Duncormick. Additional induced polarization surveys and diamond drilling is planned in the Duncormick area during the current year.

Callan Licence 1367. Recent exploration on this property in County Kilkenny has revealed a copper soil anomaly near the favourable Carboniferous, Devonian contact. The anomaly strikes north, northeast and is approximately 1,000 feet long and 150 feet wide. Induced polarization and radem surveys are planned across the anomaly.

Other Licences. With respect to 23 additional prospecting licences, either wholly owned by the Company or held jointly with other companies, limited exploration was carried out during the 1972-73 fiscal period. The group of 12 licences under option to Amex Exploration of U.K. Inc., in County Waterford in which your Company retains a 23% contributing interest, was tested by three diamond drill holes probing a gravity anomaly. No significant mineralization was reported from this drilling.

PROPERTIES IN CANADA

The exploration venture designated "Project Circle" now comprising a group of 56 mining claims in the Camsell Lake District of the Northwest Territories is still retained. Your Company holds a 75% interest in this joint venture, the remaining 25% being held by Northgate Exploration Limited. Your Company is presently endeavouring to negotiate a farm-out exploration deal on this group of claims.

Also retained are three wholly owned claims groups in the Yellowknife Area which were staked by the Company during 1972 to cover reported gold showings. These properties are designated as the Rap, Sap and Jap claims.

The most important property holding of your Company in Canada is the Camp Lake Gold Property of 20 claims or approximately 1,000 acres held under a 21-year mining lease. This property is located about 88 miles northwest of Yellowknife, Northwest Territories, a well known and long established gold mining community. Your Company has maintained the Camp Lake Property for a number of years pending an improvement in the economic conditions governing the gold mining industry which has been very substantially realized during the past year with world gold prices rising dramatically to a current level around \$175 per ounce as compared with the \$35 price prevailing during 1965 when an extensive diamond drilling program was carried out.

With the assurance of substantially higher gold prices and the related improved economic circumstances, your Company retained a firm of consulting geologists to review the results of former work and make an examination of the property for the purpose of mounting a major program during the current year.

Earlier diamond drilling, including approximately 15,000 feet done by your Company during 1965, established the existence of three gold-bearing zones, the No. 1, No. 2 and South zones. Most of the 1965 drilling was concentrated on the No. 1 and No. 2 zones and led to

the discovery of the new South Zone. The latter zone was tested by a series of relatively shallow holes over a strike length of some 480 feet, nine of which returned gold intersections, the most significant of which were Hole No. 65-29 which returned 0.78 ounce of gold over a core length of 11.5 feet and Hole No. 65-34 with 0.59 ounce over a core length of 9.0 feet. These widely spaced holes were not adequate to define limits of mineralization in the South Zone.

The South Zone is the prime target of the diamond drilling program scheduled for the 1974 field season. It is anticipated that mobilization of the field crews, diamond drilling equipment and camp supplies on the property will be achieved during June.

Zones 1 and 2 are parallel shears lying about 100 feet apart while the South Zone is located about 600 feet south of the No. 2 Zone. The Company's consultant has reported that the previous diamond drilling on the No. 1 and No. 2 Zones has indicated 20,400 tons averaging 0.91 ounce of gold per ton to depths of 280 feet and 350 feet, respectively. As previously stated, the South Zone has not been adequately drilled to define limits of mineralization in drill holes 65-29 and 65-34.

The No. 1 and No. 2 Zones should occur north of section 5+00N but have not been recognized in drill core. The South Zone should extend further north and south.

The program recommended by the Company's consultant includes a total of 21 holes for approximately 5,300 feet of AQ (wireline) drilling to test a strike length of approximately 1,400 feet along the South Zone at elevations of 100 feet and 200 feet below surface. Detailed prospecting for other gold-bearing zones on the substantially overburden covered area of the property has also been recommended.

Although the total tonnage indicated by previous diamond drilling is insufficient to support a mining operation, it is hoped that the 1974 program with its major objective to define

the mineralization in the South Zone will locate sufficient addition tonnage to enable such considerations. The Company's consultant concluded that if additional gold mineralization is found in the South Zone by surface drilling, an underground exploration program to determine grade, tonnage and mining conditions of the No. 1, No. 2 and South zones should be considered.

The Camp Lake property is well located with respect to power and transportation facilities. It lies a few miles south of the Snare River hydro electric plant which supplies Yellowknife, and an all weather truck road passes within seven miles to the west.

General

Your Company's working capital at 31 October 1973 (exclusive of investments consisting of 246,333 shares of Northgate Exploration Limited) amounted to \$387,109.

The Directors express appreciation for the loyal and effective work of our technical staff, employees and consultants.

On behalf of the Board of Directors,

"ALAN R. B. LOWE"

President

4 April 1974

ANGLO UNITED DEVELOPMENT CORPORATION AND ITS WHOLLY-OWNED SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT OCTOBER 31, 1973

ASSETS

CURRENT ASSETS

Cash .....	.....
Notes receivable .....	.....
Accounts receivable .....	.....

INVESTMENTS

Quoted — at cost (note 2) (market value 1973 — \$1,207,681; 1972 — \$1,194,720)
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FIXED ASSETS — at cost

Furniture and equipment
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DEFERRED EXPENSES AND OTHER ASSETS (note 3)

Interest in exploration ventures (note 5)
Oil leases .....	.....
Mining claims .....	.....
Deferred exploration and administration expenses .....	.....
Organization expenses .....	.....

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued charges
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SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 6)

Authorized —
8,000,000 shares without par value
Issued and fully paid —	.....
6,413,500 shares (including 8,500 shares issued during the year for cash of \$9,639)	.....
DEFICIT .....	.....



LIMITED

1973	1972
\$	\$
68,567	111,765
321,807	566,017
3,054	5,605
<u>393,428</u>	<u>683,387</u>
/	
<u>231,541</u>	<u>231,541</u>

4,646	4,646
477,269	216,323
82,547	85,239
72,500	72,500
938,016	900,661
18,653	14,495
<u>1,588,985</u>	<u>1,289,218</u>
<u>2,218,600</u>	<u>2,208,792</u>

6,319	6,150
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AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Anglo United Development Corporation Limited and its wholly-owned subsidiaries as at October 31, 1973 and the consolidated statements of earnings, deferred exploration and administration expenses and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at October 31, 1973 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
November 30, 1973

COOPERS & LYBRAND
Chartered Accountants

SIGNED ON BEHALF OF THE BOARD

3,996,589	3,986,950
1,784,308	1,784,308
2,212,281	2,202,642
<u>2,218,600</u>	<u>2,208,792</u>

J. H. MORLOCK, Director
A. G. HEYES, Director

**ANGLO UNITED DEVELOPMENT CORPORATION LIMITED
AND ITS WHOLLY-OWNED SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF EARNINGS
For the Year Ended October 31, 1973**

	1973	1972
	\$	\$
INCOME		
Oil production — net	2,692	340
AMOUNTS WRITTEN OFF		
Oil leases	2,692	340
NET EARNINGS FOR THE YEAR	<u>—</u>	<u>—</u>
	<u><u>—</u></u>	<u><u>—</u></u>

**CONSOLIDATED STATEMENT OF DEFERRED EXPLORATION AND
ADMINISTRATION EXPENSES**

For the Year Ended October 31, 1973

	1973	1972
	\$	\$
BALANCE — BEGINNING OF YEAR	900,661	927,119
Exploration expenses during year	11,146	20,296
Administration expenses during year	26,209	15,094
	<u>938,016</u>	<u>962,509</u>
Less: Cancellation of indebtedness re prior years' exploration expenses	<u>—</u>	<u>61,848</u>
BALANCE — END OF YEAR	<u><u>938,016</u></u>	<u><u>900,661</u></u>

**ANGLO UNITED DEVELOPMENT CORPORATION LIMITED
AND ITS WHOLLY-OWNED SUBSIDIARIES**

**CONSOLIDATED SCHEDULE OF DEFERRED EXPLORATION EXPENSES
For the Year Ended October 31, 1973**

	1973	1972
	\$	\$
Exploration during the year —		
Assays	110	—
Consulting fees	7,335	5,203
Diamond drilling	73	871
Drafting	112	—
Economic evaluation	—	3,567
Field supplies	(61)	153
Freight and transportation	922	61
Geophysical	2,014	—
Geophysical survey	9	—
Geological survey	—	617
Licences and taxes	1,881	2,843
Miscellaneous	52	317
Office expenses	259	—
Salaries and wages	3,094	6,250
Travel and accommodation	1,351	1,879
	<hr/>	<hr/>
Participations in joint exploration ventures	(6,005)	(1,465)
Deferred exploration expenses for the year	<hr/> <u>11,146</u>	<hr/> <u>20,296</u>

**ANGLO UNITED DEVELOPMENT CORPORATION LIMITED
AND ITS WHOLLY-OWNED SUBSIDIARIES**

**CONSOLIDATED SCHEDULE OF DEFERRED ADMINISTRATION EXPENSES
For the Year Ended October 31, 1973**

	1973	1972
	\$	\$
Canada Pension Plan	320	110
Directors' fees	—	75
Interest and bank charges	22	162
Legal and professional	14,015	20,579
Gain on foreign exchange	—	(19)
Miscellaneous	1,939	1,457
Office and stationery	1,686	1,718
Public relations and research	1,989	382
Rent	780	3,600
Salaries	11,400	11,400
Shareholders' information	5,601	5,995
Stock exchange fee	200	200
Stock option fee	1,200	—
Taxes	491	1,115
Transfer agent's fees and expenses	5,491	918
Travel and accommodation	7,682	6,554
	<u>52,816</u>	<u>54,246</u>
Less: Interest income	26,607	38,957
Administration fee from an associated company	—	195
	<u>26,607</u>	<u>39,152</u>
Deferred administration expenses for the year	<u>26,209</u>	<u>15,094</u>

**CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS
For the Year Ended October 31, 1973**

	1973	1972
	\$	\$
SOURCE OF FUNDS		
Cancellation of indebtedness re prior years' exploration expenses	—	61,848
Oil lease rentals	2,692	340
Proceeds from issue of shares	9,639	136,250
	<u>12,331</u>	<u>198,438</u>
USE OF FUNDS		
Interest in exploration ventures	260,946	178,135
Deferred exploration expenses	11,146	20,296
Deferred administration expenses	26,209	15,094
Organization expenses	4,158	—
	<u>302,459</u>	<u>213,525</u>
DECREASE IN WORKING CAPITAL	290,128	15,087
WORKING CAPITAL — BEGINNING OF YEAR	677,237	692,324
WORKING CAPITAL — END OF YEAR	<u>387,109</u>	<u>677,237</u>

ANGLO UNITED DEVELOPMENT CORPORATION LIMITED AND ITS WHOLLY-OWNED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended October 31, 1973

1. BASIS OF CONSOLIDATION

The consolidation includes the accounts of the company's wholly-owned subsidiaries, Anglo United Investments Limited and Munster Base Metals Limited.

Munster Base Metals Limited was incorporated in the Republic of Ireland during March, 1973. The accounts in foreign currencies are stated in Canadian dollars on the following basis:

Current assets and current liabilities at year end exchange rates; all other assets at the exchange rate in effect at the time of the transactions.

2. INVESTMENTS

Due to the number of shares held the quoted market value is not indicative of the value which may be more or less than that indicated by market quotations.

3. VALUES

The amounts shown for deferred expenses and other assets represent costs to date less amounts written off and are not intended to reflect present or future values.

4. SENIOR OFFICERS' REMUNERATION

The aggregate direct remuneration paid to directors and senior officers (as defined by the Business Corporation Act, which includes the five highest paid employees) was \$54,855 for the year ended October 31, 1973.

5. WORKING OPTION AGREEMENT

Under the terms of an agreement dated July 1, 1971 the company obtained a working option from La Societe Miniere et Metallurgique de Pena Roya to enter upon and explore 53 mining licences in the Republic of Ireland for a period from July 1, 1971 to October 31, 1972 and renewable at the option of the company for three successive periods of one year. To October 31, 1973 direct expenses and allowable overhead amounted to approximately U.S. \$495,000 have been incurred in respect of the working option and the option has been extended to October 31, 1974. The amount of U.S. \$495,000 is approximately U.S. \$295,000 in excess of the required expenditures and such excess may be carried forward and applied to expenditures required to be made in future years.

In order for the company to exercise its right to extend the working option on October 31, 1974 the company must agree to spend during the period relating to the extension the higher of U.S. \$100,000 or the amount required to maintain the licences in good standing. Any amount expended in excess of U.S. \$100,000 shall be carried forward and credited to expenditures required to be made in the subsequent year, provided that the credit shall not relieve the company of its obligation to spend sufficient sums to keep the current licences valid and in good standing. On completion of the working option the company will have a 51% interest in the project.

Amounts expended in Irish currency have been translated into Canadian dollars at the actual rate prevailing at the time when the expenditure was incurred.

6. CAPITAL STOCK

During the year the company granted options on 33,500 previously unissued shares at a price of \$1.134 per share to certain full time employees of the company. The Toronto Stock Exchange granted approval to the plan.

The options are for a period of three years exercisable in each year as to the total number of shares set out below:

Year ended October 31, 1973	11,500 shares
Year ended October 31, 1974	11,000 shares
Year ended October 31, 1975	11,000 shares.

Such options are cumulative and to the extent that all or any part of any option is not exercised by the employee in any one year, they are to be carried forward and exercisable in the subsequent year or years.

Options were exercised during the year to purchase 8,500 shares for a cash consideration of \$9,639.

